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Department of State TELEGRAM

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INFO OCT-01 EA-09 ISO-00 EB-07 ARA-10 COME-00 AID-05 /038 R

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: DOW AND AGRICO: OPIC

1. ON OCTOBER 21, OPIC BOARD AUTHORIZED OPIC MANAGEMENT TO ISSUE INSURANCE ON DOW AND AGRICO PROJECTS, SUBJECT TO PARTICIPATION BY BOTH INVESTORS IN PROPOSED NEW RISK SHARING ARRANGEMENT FOR MAJOR U. S. COMPANIES MAKING LARGE INVESTMENTS IN EXCESS EXPOSURE COUNTRIES.

2. BRIEFLY, U. S. INVESTORS MAKING INVESTMENTS OVER 5 MILLION DOLLARS IN EXCESS EXPOSURE COUNTRY, I.E., COUNTRY HAVING MORE THAN 100 MILLION DOLLARS OUTSTANDING EXPOSURE, WOULD AGREE TO SHARE RISK WITH OPIC IN EVENT LOSS IN ONE OR SEVERAL EXCESS EXPOSURE COUNTRIES EXCEEDING 100 MILLION DOLLARS. CONTINGENT OBLIGATION ASSUMED BY INVESTOR WOULD BE DETERMINED BY FRACTION, THE NUMERATOR BEING THE AMOUNT OF COVERAGE WRITTEN AND THE DENOMINATOR THE AGGREGATE OPIC INSURANCE IN EXCESS EXPOSURE COUNTRIES OVER 100 MILLION

DOLLARS. THIS LATTER AMOUNT, AS OF JUNE 30, WAS APPROXI-
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DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] DATE 5/21/82
RDS☐or XDS☐EXT. DATE
TS AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED☐ RELEASABLE☑
RELEASE DENIED☐
PA or FOI EXEMPTIONS

MATELY 1.3 BILLION DOLLARS IN 6 COUNTRIES FOR EXPROPRIATION RISK. PROPOSAL CONTAINS NEGOTIABLE STOP-LOSS PROVISION BASED ON SENSITIVITY OF INVESTMENT. INVESTORS SEEKING 5 MILLION DOLLARS OR LESS IN INSURANCE IN EXCESS EXPOSURE COUNTRIES NOT REQUIRED TO PARTICIPATE. OPIC FORWARDING

COPY OF PAPER PROVIDING DETAILS PROPOSED ARRANGEMENT.

3. DOW AND AGRICO MANAGEMENT NOW CONSIDERING ARRANGEMENT IN LIGHT OF: (1) INVESTMENT PLANS IN KOREA, BRAZIL AND OTHER COUNTRIES OF EXCESS EXPOSURE AND (2) COSTS AND BENEFITS OF ALTERNATIVES.

4. WILL KEEP YOU ADVISED. INGERSOLL